

ORIGINAL

OPEN MEETING AGENDA ITEM



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1 April 8, 2015, 2015

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BEFORE THE ARIZONA CORPORATION COMMISSION

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ARIZONA CORP COMMISSION
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF TRICO
ELECTRIC COOPERATIVE, INC., AN ARIZONA
NONPROFIT CORPORATION, FOR (1) APPROVAL OF
A NET METERING TARIFFS; AND (2) PARTIAL
WAIVER OF THE NET METERING RULES.

DOCKET NO. E-01461A-15-0057

**Briefing Related to Timeliness and Need
for Net Metering Hearing**

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11 The TRICO application (Docket # E-01461A-15-0057) in its entirety should be heard now, and not
12 postponed to a later hearing time in an ensuing rate case. There are several significant issues regarding net
13 metering and avoided cost rate that will benefit from a thorough analysis in such a way that these key issues
14 do not become diluted in other matters.

15 Although the features that TRICO proposes in their application have definite merit and are
16 transparent, the implementation is far from fair. Furthermore, it is not clear whether the features of what
17 TRICO proposes are consistent with the present net metering policy (A.A.C. R14-2-2306). Accordingly, a
18 new value accounting method may be necessary to ensure fairness. In its present formulation, the
19 proposed avoided cost rate, applied in a new manner to compensate the potentially new residential DG
20 array site for the electricity provided by them to TRICO, will effectively lead to the disappearance of the
21 residential PV DG business.

22 The employment of any value accounting method for accommodating residential PV DG will include
23 the following elements:

- 24 • Self-Consumed Electricity is Solar PV Electricity generated by the residential solar PV Distributed
25 Generator (DG) and directly consumed on the DG site.
- 26 • Exported Electricity is Solar PV Electricity generated by the residential DG and *received* by the Utility.
- 27 • Imported Electricity is Electricity *delivered* by the Utility to the residential DG.

28 The cost and value accounting for each of these elements are:

- 29 • Self-Consumed Electricity has value *only* to the DG.
- 30 • Exported Electricity has an associated value.
- 31 • Imported Electricity has an associated cost.

Arizona Corporation Commission

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1 In accordance with the net metering accounting system detailed in (A.A.C. R14-2-2306):

- 2 1. Exported and imported kWhs are exchanged over a monthly billing time period.
- 3 2. If, at the end of a monthly billing period, there is a net amount of imported electricity, then the
- 4 residential DG array site is billed (in \$) on that net amount of kWhs at the standard rate.
- 5 3. If, at the end of the monthly billing period, there is a net amount of exported electricity, then the
- 6 residential DG array site receives an energy credit (in kWhs) that can be carried over in an energy
- 7 credit "account" into subsequent billing months.
- 8 4. Once each year (end of September billing period for TRICO) any energy credit (in kWhs) remaining in
- 9 the "account" is exchanged into dollars at the avoided cost rate (presently \$0.0426/kWh for TRICO).

10 Of these four elements that describe the present net metering rules, none are followed by TRICO's existing
11 proposal. The TRICO rules for establishing value accounting are completely different.

12 The features of the TRICO value accounting proposal are sound, and effectively provide a fair and
13 transparent approach for addressing the shortcomings of present net metering methods. These
14 shortcomings have led to the criticism that residential PV solar owners are not "paying their fair share".
15 However, in order for the TRICO proposed to be fair in its implementation, it is necessary to make an
16 accurate assessment of the value of the electricity that is produced, but not used, by the DG PV array site,
17 and provided to TRICO for it to sell in the immediate neighborhood. The valuation of this excess production
18 needs to be analyzed in a fair and transparent way.

19 Any new, or revised, value accounting method that is employed to address residential DG array sites
20 must account for the fact that such a site array designed to produce the annual total consumption of
21 electricity for that site typically provides two-thirds of that electricity to TRICO (and correspondingly,
22 purchases two thirds of the electricity it consumes on an annual basis from TRICO).

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24 RESPECTFULLY SUBMITTED this 8th day of April, 2015.

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